California Acquisitions Manual

PROCEDURE

DEVELOPING THE SPECIFICATION/STATEMENT OF WORK

CAM 3.3.4 **REVISION DATE: 2/9/00**

PURPOSE:

Defines various types of specifications/statements of work (SOW) and provides guidance and methodology in developing the purchasing specifications/statement of work that are used by the State with solicitations for issuance of one-time contracts as well as for establishment of statewide term contracts for state and local agencies. It applies to information technology goods and services and goods (also known as "commodities" or "materials, supplies and equipment").

A. **DEFINITIONS:** See Glossary Section for definitions. Any definitions included here are for purposes of this procedure only.

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1. **ACCEPTABLE BRANDS LIST (ABL)** – The Acceptable Brands List (ABL) is a formal listing of specific brands with models/catalog numbers of products that have been inspected and tested and determined to be fully compliant in all respects to the related specification. An ABL complements the State's specifications; mainly "commodity standard" or "bid specification." ABLs are periodically updated. They increase efficiency of the State's procurement process. For example, they expedite bid and contract awards and the State agencies receive predetermined quality products compliant to specifications. See also "QPL."

2. **BID DESCRIPTION** – Generally a short product description or an overview of a system; often adequate for product description without a detailed specification as an attachment inserted into the body of a solicitation and resulting contract. If a bid specification has been developed and used as an attachment to the solicitation, the bid description would contain a reference to that attached specification.

3. **BID SPECIFICATION** – A written document which specifies the technical, performance and functional or design requirements of goods to be furnished by a contractor. It follows the formal state specification format (Appendix 1) that is a separate document intended to be used as an attachment to a solicitation and resulting contract.

4. **COMMODITY STANDARD** – A type of specification used primarily to define the minimum acceptable quality of off-the-shelf commercial products (essentially common household or business items, normally of low technology where a general description of the form and function is adequate to assure a minimum quality suitable for most State applications). See Appendix 2 for a sample format.

5. **DESIGN SPECIFICATION** – A type of specification that states how a product is to be manufactured with great specificity and includes any type of specification which defines the technical and physical characteristics of an item in terms of such things as physical dimensions, power input and output, weight, etc. Technical characteristics may have to be included when functional and performance characteristics are insufficient to define the requirement. Alternately, technical issues may need to be included in their own right, e.g., to define the limits of compatibility or to describe an item that has already been designed.

Technical characteristics include physical aspects such as dimensions, color, surface finish, weight, strength, purity, design details, material properties such as composition, processes such as methods of manufacture or assembly, and maintenance requirements.

6. **FORMAL STATE SPECIFICATION** – A type of specification developed for limited classes of commodities, typically those involving a) use by multiple agencies, b) significant annual expenditures, c) critical, unusual or unique performance characteristics, and d) those difficult-to-purchase items by competition with a risk of non-performance. This specification sets statewide standards for commodities and thus requires a great deal of interaction with manufacturers and various statewide user agencies from start to final approval. The proposed specification goes through a high level review/approval process (not required for other types of specifications) involving (among other higher level staff such as the Managers of Procurement Division Procurement Engineering Team and Purchasing Units) and the Deputy Director of the Procurement Division. These specifications are mainly used with solicitations for term contracts for agency use as well as sometimes for the use of participating agencies of local governments. See Appendix 1 for a sample format.

7. **PERFORMANCE SPECIFICATION** – A type of specification that defines the performance required of an item (e.g., maximum braking distance at 60 mph with a 200-pound operator). Performance is a logical extension of function. Performance characteristics define the required characteristics establishing operating inputs and outputs. They do not necessarily state how the performance will be achieved, such as in design specifications. Performance specifications are sometimes referred to as "functional specifications".

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8. **QUALIFIED PRODUCTS LIST (QPL)** – QPLs are appropriate only for commodities for which there is a Formal State Specification. The QPL is a formal listing of specific manufacturers, makes, models, brands or catalog numbers of products that have been inspected and **tested and determined** to be fully compliant in all respects to the related formal state specification. QPLs are typically utilized where it is impractical or impossible to describe every possible parameter or allowable variation of characteristics within the specification. They serve to expedite bid and award of contracts where required testing to assure compliance is difficult and extensive. The purpose and application of a QPL and ABL are similar but they complement different specifications. The review/approval processes for both are different.

9. **SPECIFICATION** – A generic term to refer to a written requirement of a solicitation or contract that provides a concise and accurate description of the goods or services to be provided including the procedure by which it can be determined that the requirements have been met. A specification defines what the buyer wishes to buy and consequently, what the contractor is expected to provide. Many types of specifications exist and are described herein. Specifications should be limited to technical requirements and should generally not include "legal" or other contractual requirements.

10. **STATEMENT OF WORK (SOW)** – The SOW is not a stand-alone document but, complemented by other requirements, it becomes an integral part of a solicitation and the foundation of the resulting contract. It is a written description of the work to be performed under a contract to satisfy particular needs of a State agency. In simple transactions, it can consist of the line items on the face of the purchase order/contract that define what is being purchased, each item of which may include specification(s). In more complex transactions, it is usually a separate attachment to the solicitation or contract in narrative form with attachments to further define the items being purchased and the requirements of

satisfactory performance. These attachments to the narrative portion of the SOW typically include a list of all goods/services purchased, along with references to applicable specification(s). It also may include pricing, delivery schedules, installation requirements, acceptance test procedures and any requirements unique to the business relationship between the parties that is not otherwise covered in the general or special terms and conditions of the contract. The SOW includes the responsibilities of both the State and contractor and whether there are any prior conditions to performance (such as security access, facility preparation/modification requirements, etc.). The SOW serves as the major portion of the contract for performance objectives/requirements a contractor must meet and describes the work the contractor is to perform. When developing an SOW, the needs can be described in terms of performance (or function) and technical characteristics (or combination of them). A list of questions for developing the statement of work (SOW) and a format for the SOW are provided in Appendices 3 and 4 respectively. Sample SOWs for goods and information technology goods and services are provided in Appendices 5 and 6 respectively.

11. **STATEWIDE TERM CONTRACTS** – A type of contract for goods or services established through a formal competitive bidding process or through a negotiated price. The contract is valid for a specified period of time. There are yearly or multiple year contracts. There are three categories of such contracts: a) Statewide Commodities Contract — a type of leveraged procurement for commodities that is established through a formal competitive bidding process mostly using the Formal State Specification. The contract includes fixed quantities, which the State will purchase. b) Master Agreements — a type of contract on such items as maintenance, moving services, equipment rental etc. established through a formal competitive bidding process using mostly statement of work (SOW). c) State Price Schedules — a type of contract on proprietary supplies/parts negotiated with the manufacturer/contractor. It contains line items with prices on specific brands/model numbers. Specification/SOWs are not usually developed for this type of contract.

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B. **PROCEDURE:**

1. **General Considerations**

a. The State of California and local agencies purchase a great variety of goods and services necessitating use of various types of specifications and Statements of Work (SOWs). Following the principles and issues outlined in this procedure and using the formats provided (see Appendices 1, 2, 5 and 6), procurement professionals will be able to develop both specifications and SOWs. Listed below are some other general guidelines to consider when first developing an SOW or specification. Agencies may also obtain help from the Department of General Services (DGS) Procurement Division (PD) Procurement Engineering Team (for goods) and Major Acquisitions (for information technology).

b. In this procedure, the term Statement of Work and specification may be used interchangeably to mean a document that contains the technical contract requirements (as opposed to the “legal” terms and conditions or “administrative” requirements, which may be required by statute). However, for new buyers or program staff, it may be helpful to think of the SOW as a separate document that will be used in a solicitation and resulting contract to generally define all the technical requirements of the business relationship between the parties, or in other words, the details of the work to be performed, including such things as the goods/services to be furnished, installation

requirements and acceptance criteria. The SOW may have many parts depending on how complex the transaction is. More complex transactions (e.g., information technology goods and services or complex equipment) also include specifications but they are generally referenced within the separate SOW document. In the simplest of transactions (e.g., a purchase order for commercial goods) there may be no separate SOW because the face of the solicitation or purchase order fulfils the need for an SOW as it lists all the items required for satisfactory contract performance. These line items often include reference to various types of specifications that are defined above and discussed more fully in the text, which follows.

c. The central idea in establishing an SOW or specification should be to create a document(s) that clearly states the needs or business requirements of the State from which a contractor can price the work and risk appropriately when bidding and successfully provide the goods/services that would satisfy those needs during contract performance. An SOW should be stated in performance terms (objectives or requirements) as much as possible.

d. Before beginning development of a specification or SOW, make sure that some acquisition planning has been done. Many of the issues that will come up as a result of proper planning will be carried into the contract and statement of work or specifications. See CAM 3.3.3, Acquisition Planning. As part of the planning activity, it may be helpful to conduct market research to identify potential bidders and their capabilities as well as to ascertain the current state of the art. See CAM 3.3.5, Supplier Development and Capability Assessment.

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2. **General Principles Applicable to Both SOWs and Specifications**

a. **Contents and application:** The SOW or specifications are the heart of the solicitation and contract, describing the goods or services to be acquired. An SOW or specification contains all the important features of goods and details of tasks to be performed to meet the State's needs or requirements. An SOW or specification becomes the basis for judging acceptability or responsiveness of prospective contractors' proposals and for selecting a responsible contractor. See CAM 3.5.4, Assessing Supplier Responsiveness and Responsibility. See also Public Contract Code (PCC) Sections 10307, 10308, and California Code of Regulations Section 1890. Further, they define the quality expected, quantity to be supplied, timeliness, and become the criteria to measure contractor performance. The clarity of a specification or Statement of Work has a direct effect on efficient contract administration because it defines the scope of work to be performed. The SOW or specification must be current, applicable and tailored to the program. It is often helpful to establish a committee with experts/stakeholders to develop the SOW/specification.

b. **Clarity:** Specifications and SOWs should be clear, unambiguous and therefore, legally enforceable. Use concise wording and write in plain and simple English as much as possible and eliminate unnecessary use of technical jargon. Specifications or SOWs that are incomplete, ambiguous, or have conflicting requirements often result in unreasonable bid prices because contractors must price the perceived risk of unsuccessful contract performance.

c. **Competition:** A specification should promote competition. If bidding is restricted to a brand/service, reduce all restrictions to the minimum. Specifications written which do

not invite competition may result in unreasonable prices and inefficient technical proposals. An SOW or specification, which is prescriptive, ambiguous and restrictive, results in unsatisfactory performance, delays, disputes, and higher costs.

d. **Stakeholder participation:** Do not dictate detailed design solutions prematurely. Instead, encourage industry participation in establishing specifications to ensure practical solutions are used; seek use of current technology and best practices; encourage potential contractors to recommend changes and alternative approaches. Note, that if contractor involvement is requested, that more than one contractor's capabilities need to be considered to avoid restrictive specifications and remember that the State retains the final say in the use of information provided, and determination of its needs.

e. **Available documents:** Use available specifications, standards, and related documents initially for guidance. With technology changing so quickly, it will likely be necessary to revise old specifications/SOWs if they are to be used.

f. **Consistency with laws and policies:** A specification should be consistent with Federal and State law and regulations, DGS and PD policies, and local governmental laws, as well as sound business practices. Specify Federal/State/Local Governments Requirements. Example: Provide references to the State Administrative Code, Title 8 (Industrial Safety Orders) when specifying electrical/mechanical equipment.

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g. **Political directives**: Include requirements to reflect political directives. Consider the State preferences for the procurement of products containing recycled materials and environmentally preferable and energy-efficient processes when preparing specifications. Example: CAM 2.5, Recycling.

h. **Acceptance criteria:** A specification should specify acceptance criteria (test, trial, examination, certification).

i. **Brand names or unique features:** A specification should not specify a particular brand name, product, or a feature of a product that is peculiar to one manufacturer except for reference purposes, to establish minimum acceptable features, performance and quality.

j. **Non-essential or obsolete requirements:** A specification should not include other restrictive or impractical requirements such as non-essential or obsolete requirements, or unclear division of responsibilities between parties.

k. **Performance vs. fixed requirements:** If practical, use most of the performance levels or performance specifications as targets instead of fixed or minimum requirements.

l. **Basis of successful contract:** Establish the required minimum quality level. Remember that successful contract performance is measured based only on what the contract requires, not what you might have intended but didn't clearly state. If other alternative solutions may be acceptable, the solicitation may state that. Alternatively, the proposed contract may contain options for additional requirements, including features that the State wishes to evaluate but which may or may not be included in the resulting contract. See CAM 3.3.7, Contract Options.

m. **Standard/commercial items:** A specification should define requirements that would enable and encourage bidders to bid standard items or standard service where possible. Emphasize comparability, alternate brands/models/solutions. Avoid custom features whenever possible. Modify requirements in appropriate cases to ensure that requirements can be met by commercial items.

n. **Special requirements:** Include special requirements if there are any. Example: State prisons require a certain dress code for the service crew. State Department of Rehabilitation has special training requirements for the visually impaired vending machine operators.

o. **Inadequate products/services:** A specification should be properly worded to screen out inadequate products and services.

p. **Omissions:** Make sure there are no omissions.

3. **Writing Tips.** A person reading an SOW or specification should not have to be a technical expert to understand what is required. A layperson with some technical expertise should be able to understand the document. It may be helpful to use a peer review process to help edit and improve the documents you create. Edit the document several times to make it the best it can be. This is where a team approach is helpful or having an objective person not familiar with the transaction read it and determine that they understood it by asking them to paraphrase the requirements. Some helpful suggestions are also found in CAM 3.6.2, Quality Review of Contracts. The following tips should help you produce high-quality documents that are clear and unambiguous.

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a. Eliminate redundancy (e.g., "a period of three months", replace with “three months”).

b. Replace stock phrases (e.g., replace "in the event that" with "if').

c. Shorten sentence length (e.g., replace "it is essential that we take these precautions if our results are to be valid" with "these precautions are necessary for valid results").

d. Tighten writing styles (e.g., replace "we first tested three samples at room temperature, and when these tests had been completed, we heated the other samples to a temperature of 150 degree Fahrenheit and subjected them to the same tests" with "after testing three samples at room temperature, we tested the others at 150 degrees Fahrenheit").

e. Use active voice, task oriented statements (e.g., "the contractor shall conduct the test" rather than the passive "a test shall be conducted").

f. Avoid abbreviations, acronyms and words that have special meaning as much as possible, or define them upon first usage, and then be consistent thereafter.

g. Avoid using "any", "either", "and/or” and “never.”

4. **Specifications**

a. **Format:** The specification format used may vary depending on the type of purchase order or contract used, and in some cases, the Department of General Services Procurement Division has exclusive responsibility for preparing Formal State Specifications and Commodity Standards which may include Qualified Products List (QPL) or Acceptable Brands List (ABL). Agencies may establish the less formal Bid Descriptions, Bid Specifications and Statements of Work. In some cases, agencies with engineers on staff may have the ability to prepare Formal State Specifications and Commodity Standards with the concurrence of Procurement Division. Buyers may always consult the Procurement Division Procurement Engineering Team or Major Acquisitions Information Technology for assistance in developing Statements of Work or specifications.

b. **Types:** There are mainly two types of specifications; performance (or functional) and design/technical. Performance and functional type specifications are preferred, rather than detailed design specifications, for inherent benefits as they discourage bias and encourage alternative and innovative solutions, competition, focus on results, etc. A specification should specify design characteristics in terms of performance/functions where possible. Use of design specification is discouraged as the contractor may get absolved of the operational responsibility of the system if the State's design is incorrect. However, most specifications have a combination of these types.

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NOTE: Performance specifications have been given many different names such as product, materials, equipment description (or specification); line item description; bid description; commodity standard; bid specification; requirements and so on. Some of these types are recognized and used by the State (see Definitions).

c. When Procurement Division establishes Statewide Term Contracts (also known as leveraged procurements), the type of SOW/specification used will vary depending on the type of contract:

I. Statewide Commodity Contracts use the Formal State Specification prepared by the PD Procurement Engineering Team. See Appendix 1 for the required format. See also CAM 3.1.2, Statewide Commodity Contracts.

II. Master Agreements use Statements of Work. See Appendices 3 through 6. See also CAM 3.1.1, Master Agreements. While only PD prepares Master Agreements, the SOWs may be prepared with agency input.

III. Statewide Price Schedules are generally for proprietary (sole source) goods with specific brand names and model numbers. Only PD prepares Statewide Price Schedules, and SOW/specifications are generally not used, but the agency may create a "bid description" or "bid specification" if desired for use by PD in the development of these Statewide Price Schedules. See also CAM 3.1.3, Statewide Price Schedules.

d. The Formal State Specifications and the Commodity Standards follow a certain format (see Appendices 1 and 2 respectively). The Bid Specification follows the Formal State Specification format. Bid Description has no prescribed format but while constructing any description the established formats come in handy for a checklist of considerations to start with. A bid description can exist in a variable format from a few descriptive lines

to a few paragraphs. Statement of Work format (see Appendix 4) would also vary depending on the objectives/goods/services. See also Appendices 3, 5 and 6.

e. The specification/SOW formats should be used as guides to individually tailor the specification/SOW being developed to appropriately incorporate the needs for the goods and services.

f. The numbering system for specifications (see Appendix 7) is designed to identify the type of specification. The numbering system provides information about the specific commodity, date, revision etc. by reading the specification number. The SOW is not numbered using the specification numbering system, but it is identified as a numbered attachment or appendix to the solicitation/contract.

g. Additional samples of typical specifications/SOWs and relative information can be obtained from Procurement Division, Procurement Engineering Team and Major Acquisitions (for Information Technology).

5. The DGS PD Procurement Engineering Team maintains an Internet home page to provide customers with telephone numbers, email addresses and areas of expertise. The Internet address is www.pd.dgs.ca.gov/engineering/contact.htm.

6. Technical Resources. A categorized list of various technical resources is attached as Appendix 8. This list will be very useful especially to the staff new to this area of expertise when developing or updating a specification.

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C. **RESPONSIBILITIES:**

1. Engineers and specification writers (including buyers) shall prepare specifications/SOWs in accordance with this procedure and other applicable procedures. The quality of the document is important to convey a professional image to contractors and the public. Clear writing, accuracy and completeness are essential.

2. Engineers will obtain necessary internal approvals and will complete all the necessary documentation, specification numbering and filing requirements in coordination with support staff.

3. Buyers are responsible for the quality of the solicitation and resulting contract, including the specification and SOW, and should return any vague, ambiguous or incomplete specification or SOW for correction.

D. **APPENDICES:**

Appendix 1: Sample Format for Formal State Specification

Appendix 2: Sample Format for Commodity Standard

Appendix 3: A List of Questions For Developing the Statement of Work (SOW)

Appendix 4: A Format For The Statement Of Work (SOW)

Appendix 5: Sample Statement of Work For Goods

Appendix 6: Sample Statement of Work For Information Technology

Appendix 7: Specification Numbering System

Appendix 8: Technical Resources

E. **AUTHORITY AND REFERENCES:**

1. Statutory: Public Contract Code (PCC)
   PCC Section 10307
   PCC Section 10308

2. Regulatory: California Code of Regulations (CCR)
   CCR Section 1890, Uniform Standards for Prequalification of Suppliers
   CCR Section 1895, Specification Not to Restrict Competition
   CCR Section 1895.9, Specifications Development and Sample Analysis

3. Procurement Division Procedural: California Acquisition Manual (CAM)
   CAM 2.5, Recycling
   CAM 3.1.1, Master Agreements
   CAM 3.1.2, Statewide Commodity Contracts
   CAM 3.1.3, Statewide Price Schedules
   CAM 3.3.3, Acquisition Planning
   CAM 3.3.5, Supplier Development and Capability Assessment
   CAM 3.3.6, Contract Types
   CAM 3.3.7, Contract Options
   CAM 3.5.4, Assessing Supplier Responsiveness and Responsibility
   CAM 3.5.5, Price/Cost Analysis
   CAM 3.5.6, Negtiating Transactions
   CAM 3.6.2, Quality Review of Contracts
   CAM 3.7.2, Contract Changes
   CAM 3.7.11, Claims and Damages

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APPENDIX 1

SAMPLE FORMAT FOR FORMAL STATE SPECIFICATION

Spec # (see Appendix 7)
Date:

State of California
(Commodity Title {Key Noun}),
(Brief, Three to Four Words at the Most)

1.0 SCOPE

A brief description of the commodity and its end use.

2.0 APPLICABLE SPECIFICATIONS

List all specifications or standards used and referenced within the specification: examples include other State of California Specifications, Federal Specifications, Military Standards, American National Standards Institute (ANSI), etc.

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3.0 REQUIREMENTS

Describe the commodity fully if deemed applicable. Specify dimensions, classes or type, color, sizes, material, quality level, etc. This portion should provide the full details of the commodity or its functional or performance characteristics. This is also the place to define supplier deliverables and the State's responsibilities, tasks to be performed, etc.

3.1 Configuration:

Shape
Size
Weight
Composition

3.2 Materials:

Type
Strength
Chemical Formulation

3.3 Performance:

Electrical
Mechanical
Chemical

3.4 Workmanship:

3.5 Manufacturer's Quality Assurance Program

4.0 QUALITY ASSURANCE PROVISIONS

State the conditions under which the commodity will be inspected. If other sources of inspection are indicated, such as USDA, define it. Include the test methods.

4.1 Inspection:

Verify Certifications
Count
Weigh
Measure

4.2 Sampling:

4.3 Testing:

Functioning
Electrical
Mechanical
Chemical

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5.0 PREPARATION FOR DELIVERY

5.1 Packaging:

Specify how the commodity is to be packaged: unit, shelf box, shipping carton, pallet loading, etc., as required.

5.2 Marking:

Specify the marking or labeling desired on each package listed in 5.1.

5.3 Shipping:

List any special requirements for shipping. For some products the specification might reference the National Motor Freight Classification 100 series for truck shipments or the Uniform Classification 6000 series for rail shipments.

6.0 OTHER REQUIREMENTS

6.1 Warranties: (Refer to CAM 3.7.8, WARRANTY).

7.0 QUALIFIED PRODUCTS LIST (QPL)

APPENDIX 2

SAMPLE FORMAT FOR COMMODITY STANDARD

Spec # (see Appendix 7)
Date

STATE OF CALIFORNIA
Commodity Standard
(Commodity Title – Key noun)

DESCRIPTION

(Insert general description of product. Additionally refer to the stock numbers as follows if needed)

State Stock Number	*Description*	*Size etc.*

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WORKMANSHIP. Example: "…shall be free from defects that degrade appearance, performance and serviceability…"

PERFORMANCE. Example: "…shall perform satisfactorily…. (Give capacities for example and other criteria to meet)".

TESTING. Example: Compliance with this specification will be determined by testing conducted in accordance with …(Refer to test methods such as ANSI, TAPPI, etc. – see Appendix 8).

PACKAGING. Example "… shall be packaged in shelf box quantities per specification. All packaging and shipping shall conform to applicable Federal and State Regulations and conform to good commercial practices. The gross weight of each shipping carton shall not exceed 65 pounds."

MARKING. Each shelf box and shipping carton shall be marked with name of manufacturer, commodity, quantity, size and width. Shipping carton shall be additionally marked with State stock number, and contract number(s).

WARRANTY. Example "... shall have minimum shelf life of … (list warranty periods as applicable and as needed for different line items)… " When stored per manufacturer recommendations, or when accepted, or when …etc." (Specify as applicable).

ACCEPTABLE BRANDS LIST (ABL) OR REFERENCE BRAND/S (RB):

MANUFACTURER/ MODEL #

APPENDIX 3

A LIST OF QUESTIONS FOR DEVELOPING THE STATEMENT OF WORK (SOW)

This appendix provides important aspects to be considered before establishing any type of SOW. The information obtained may be used in conjunction with Appendix 4 – A Format for the Statement of Work (SOW). These questions form the basic format shown in Appendix 4.

1. Description of Goods/Services to be Provided (overview)

- What product or service is to be provided?
- Purchase of commercially available hardware?
- Purchase of commercial off-the-shelf (COTS) software?
- Outsourcing (or privatizing) a function or service?
- Custom software development?
- Design, development, and integration of a new system or system upgrade?
- What quantity do you expect to purchase? Maximum? Minimum? for hardware, software, or services. (If this is omitted, bidder cannot determine how to allocate/amortize up-front costs or whether the inherent risks are worth taking over the long term). Is there any guaranteed minimum quantity? What happens if it is not met? Is there a maximum quantity to be ordered? What if the maximum is exceeded?

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2. Period of Performance

- What is the period of performance?

3. Delivery Requirements

- What are the delivery requirements for equipment, software, or other products?
- How soon do you need it?
- What is the F.O.B. point?
- Who is responsible for shipping?
- How must equipment be packaged?
- Who is responsible for unpacking?
- How will partial shipments and back orders be handled?
- What are the acceptance procedures for each delivery?
- How will problems or deficiencies in delivery be handled?

3.1 Liquidated Damages (See CAM 3.7.11, Claims and Damages)

4. Equipment Purchased

- What hardware will be purchased?
- What are the physical requirements for the hardware?
- Size? Operating conditions?
- What are the functional specifications? What is the hardware expected to do?
- What features are desired?
- Cabling? Wiring?

- Communication costs?
- Documentation requirements? Diagrams?
- What existing hardware will be interfacing with the new equipment?
- What are the requirements for accessibility and use by the handicapped?
- Is there a need for a given brand name or will a "brand name or equal" specification meet the requirement?
- What is the requirement for availability of replacement parts?
- What happens if equipment purchased is no longer maintainable?

5. Software Requirements

- What software will be included in the procurement?
- Will software be custom developed or commercial off-the-shelf (COTS)?
- What is the requirement for including software upgrades?
- Do you require the software to be Year 2000 compliant?
- What are the licensing requirements?
- Is the license for a machine, a site, or an agency?
- Is the license perpetual, annual, monthly, or extended use?
- What are the rights of licenser and licensee to use, disclose, sell, or reproduce the software?
- Are manuals on using the software included in the purchase?
- Are they standard or custom?
- Are there minimum requirements for content or format?
- How many will be provided? One for each software copy? One for each machine or user?
- What about other documentation?
- What is your requirement for availability of source code?
- For custom software? For commercial software?
- Do you really need it? (For example, you might need it if the government wants to be able to fix any bugs or do its own upgrades in the future. Having the source code provides some protection if the supplier goes out of business or is overcharging for maintenance services.)
- Who owns the source code? Does supplier have the right to sell it to you? Do you want a copy of all the source codes, or will it be sufficient to put it in escrow? Do you want source code put in escrow for future use? How is source code maintained as software is upgraded by supplier? Is escrow software maintained also?
- Do you want copies of the programming tools used?

6. Tasks to Be Accomplished/Functions to Be Performed

- What are the specific tasks to be accomplished? What function or service is to be performed?
- What results are desired? Be as specific as possible.
- What is the workload, maximum and minimum, both historical and projected?

7. Systems Integration

- Are there systems integration functions included in the procurement?
- What systems will be integrated? Hardware, software, communications?
- Do you want the integrator to analyze functional requirements and needs?
- Do you want the functions reengineered for increased efficiency? Or do you just want to computerize existing systems?
- Do you want an assessment of currently available technology and designs?

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- Do you want the contractor to design the system?
- Do you want the contractor to select the hardware, software, and communications technology?
- Do you want the contractor to purchase the system components?
- Do you want the contractor to customize the system if necessary to meet the government's unique requirements?
- Do you want the contractor to assemble, install, test, implement, and make the system operational?

8. Data Handling

- Are there data handling functions included in the procurement?
- What is the workload (current/projected) with respect to the data and its users?
- What is the volume of data?
- Is there a requirement for data entry?
- How often is data changed or updated?
- Is real-time access to the data needed?
- What capacity is required (current/projected) to store the data?
- What response time is needed when accessing, entering, or maintaining the data?
- Will there be common access to given database from multiple users?
- Will there be access from multiple locations?
- Will there be access needed by multiple agencies?
- What are the security requirements for the data? How will it be protected?
- What reports and data are to be provided?
- What data is needed? Is there a standard form? Who needs it? When are the reports due?

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9. Outsourcing Computer Operations

- Are you outsourcing computer operations?
- What equipment will be operated? Make and model? How many?
- Do you want a help desk or hot line for questions and problems?
- What functions will contractor perform?
- What are the outputs?
- How often is each required output produced?
- To whom is each output distributed?
- What is the operations schedule? Around the clock? Business hours only? Other?

10. Transition of Operations to New Contractor

- How will you handle the transition of computer operations from government or previous contract to new contractor?
- What is the time frame for the transition?
- What are the government's or previous contractor's responsibilities and tasks?
- What are the new contractor's responsibilities and tasks?
- Are you providing a transition plan and schedule, or do you want the bidder/contractor to provide them?

11. Training

- Is there a requirement for training of government or contractor staff?

- Who will be trained?
- When will training occur?
- What methodology will be used? Classroom? Videotape? Computer based?
- Where will training be conducted? Locally? At a distant location? On-site in government space? At contractor site? At some central location?
- Who is responsible for providing training?
- What equipment will be needed to provide training?
- Who is responsible for providing equipment?

12. Installation Requirements

- What are the installation requirements for equipment or software?
- When can the bidder inspect the installation location?
- Who develops the specifications for the installation location?
- What are the existing physical conditions at the installation location?
- Do these conditions meet the requirements for successful installation of equipment?
- If not, who is responsible for modifications to the installation location to prepare the site to receive the equipment?
- Who is responsible for architecture and engineering associated with required modifications?
- Who is responsible for construction?
- Who is responsible for specifying cabling and wiring requirements?
- For installing cabling and wiring?
- Who is responsible for communications costs?
- Telephone and data lines?
- Who is responsible for installation of new equipment?
- For software, who is responsible for preparing the existing hardware to receive new software?
- Who is responsible for installing new software?
- What is the required time frame for delivery, installation, inspection and test, training and operations?

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13. Test and Acceptance Procedures

- What are the test and acceptance procedures?
- What are the criteria for acceptance?
- Will the government or the contractor develop the test procedures and test plan?
- What are the minimum requirements for the test procedures, test plan, and test reports?

14. Maintenance Requirements

- What are the maintenance requirements for equipment and/or software?
- What are the requirements for mean time between failures (MTBF)?
- What are the requirements for mean time to repair (MTTR)?
- What is the required response time from initial call for repairs?
- Does response time differ for prime maintenance periods versus standby or on-call maintenance periods?
- Does it vary by time of day or day of week?
- What is the contractor expected to do within the given response time? Just show up? Fix the problem? Other?

- Are there different maintenance periods (principal periods of maintenance versus secondary) with different levels of required support?
- What type of support is required? On-site? Use of remote diagnostics? Hot line support? Mail back?
- What is the requirement for availability of parts over the system life?

14.1 Software Maintenance

14.2 Preventive Maintenance

- What preventive maintenance is expected from the contractor?
- What is included?
- When will it be performed? Business hours or after?
- How long does it take?
- What is the system downtime during preventive maintenance?

15. Warranty

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- What warranty provisions will be acceptable from the contractor?
- What is the time period for the warranty?
- Do you want the warranty to include consequential damages?
- Do you require the contractor to warrant the equipment or software as fit for a given use?
- Do you require the contractor to warrant software as bug free? Virus free? Free of "harmful code"?
- Do you require the contractor to provide software that is Year 2000 compatible?
- Do you require the contractor to warrant that the seller has right to sell the software?
- Do you require a warranty for free repairs for defects appearing within a given time? Or for repair of defective parts?
- What about post-warranty maintenance?

16. Technology Refreshment

- Will the contract require or allow for technology refreshment?
- Before or after initial delivery?
- At same or lower cost only?
- Will cost increases be allowed if improved functionality is provided?

17. Security Requirements

- What are the security issues? (Security issues range from simple preventive measures to prevent laptops from "walking off," to protection of sensitive data about the public, as in a drivers' license database, to protection of politically sensitive information.)
- What are the threats?
- How much security is desired?
- How much security can be afforded?
- What is the tradeoff between risks and costs?

17.1 Special Qualifications (agency specific rules – e.g., correctional institutions)

18. Compatibility and Interface Requirements

- What are the compatibility and interface issues?
- What IT or software is already in use with which the new equipment or software must interface?
- Are existing files in hard copy or electronic?
- Will existing files work with new hardware/software?
- If not, who will do the data conversion?

19. Payment Methodology

- Consider type of contract, i.e., fixed price, cost reimbursement, labor-hour or time and materials may suggest payment schedule. (See CAM 3.3.6, Contract Types)
- Is implementation in phases and payment must be tied to deliverables?
- Are there milestone or progress payments?

20. Cost or Pricing Data

- This clause is helpful in complex, long-term contracts where visibility into some supplier cost data may be necessary to perform the cost/price analysis and conduct negotiations prior to award (usually where competition was not achieved). Also helpful where contract changes are likely. (See CAM 3.5.5, Price/Cost Analysis and CAM 3.5.6, Negotiating Transactions)

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21. Unilateral Changes

- Clause recommended for all contracts except commercial-off-the-shelf items. Permits the state to direct changes in limited circumstances. Will generally require price/cost analysis of supplier request for contract adjustment and negotiation. (See CAM 3.7.2, Contract Changes and CAM 3.5.6, Negotiating Transactions)

22. Quality Control/Quality Assurance

Specific quality control or quality assurance oversight may be mandated by existing laws of the government. For example, the government may require in-plant inspections during manufacture or may require the use of test labs or other facilities to identify nonconforming deliveries. These requirements may be beyond what the seller normally would allow.

23. Performance Measurement

Once the government has specified the product or service to be acquired, you need to decide how results will be measured and how performance will be judged. Is timeliness an issue? What about the quality of the product or service? Products, such as hardware and software, and services are discussed individually in the following section. Procedures for measuring the quality of hardware and software include the following:

- Having a live test demo. This can be held before or after selection of contractor.
- Having a benchmark test to see if the system does what you need it to do in your environment.
- Requesting an acceptance test. You will need to decide the criteria for passing it.
- Having an acceptance test period with given requirements for performance during that period.
- Specifying the system availability requirements for system acceptance.

- Specifying the requirements for system availability during system operation after system acceptance.
- Deciding how to define system availability; for example: "total time available less downtime divided by total time available."
- Defining-system downtime, for example, when starts, and how to decide if the given item is the direct/only cause of the downtime.
- Deciding when and how government will be compensated for downtime.

Performance Measurement for Services

Services can be harder to measure than computer system performance. For example, the government needs to decide how to measure the contractor's performance in comparison with the agency's or government's past performance of the given function. Performance requirements should be realistic and the measurement system needs to be fair to avoid holding the contractor to a standard that is too high or too low.

If the government is contracting out an entire function rather than just meeting a temporary need or supplying software development or a product, here are some questions to be answered:

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- What was agency past performance?
- How was it measured?
- Was past performance formally measured? Or was it simply a question of public perception?
- Are standards of performance the same for the contractor as they were for the agency?
- In performing the service evaluation, could there be an attempt on the part of agency personnel to make the contractor "look bad" or fail?
- Is the contractor expected to work at the peak level of performance immediately, or is there a transition period with an anticipated improvement over time?
- How will the contractor be incentivized to continue a high level of performance or to improve the performance level?

OTHER AREAS TO CONSIDER

In addition to the areas specific to IT mentioned above, there are other issues that should be addressed in developing the SOW, including some personnel and contract administration issues, such as:

- Personnel: What personnel have been available to perform the function in the past? Number? Skill levels?
- What is anticipated for the future?
- What life cycle costs (purchase, operations, upgrades and maintenance, disposition) will be included in the evaluation?
- Have the benefits of leasing equipment compared to buying it been determined, or do you want the bidder to do the evaluation?
- What costs should be included?
- Will contract be fixed price or cost reimbursable?
- Will there be financial incentives (or penalties) for good (or bad) performance?
- What are the line items to which given costs and payments will be attached?
- How will travel and other expenses be reimbursed?

- Who will finance the project? The contractor or the government in the form of progress payments?
- When is payment made? At completion? When milestone is reached? As each delivery is made? At acceptance?

MARKET RESEARCH

Although market research itself is not part of the solicitation, the knowledge it provides the buyer will put the government on an equal footing with the bidders. The buyer conducts market research on a service or product to determine its commercial availability, the contractor community, the usual service and warranty terms, the standard terms and conditions for delivery of this service or product, typical current market prices and discount schedules, product reliability, and areas of risk in acquiring the service or product. Knowledge gained from the research will enable the buyer to ask the right questions to prepare a complete and realistic statement of the work required in terms to which the bidders can respond effectively and also will ensure the solicitation includes appropriate contract provisions. The research will give the government an understanding of what a likely solution to the problem will be and what it will cost. This will lead to a more realistic and accurate evaluation of the offers. This knowledge will enable the buyer to ensure the SOW and solicitation and contract terms and conditions are appropriate to the product or service to be acquired.

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DO's AND DON'Ts IN PREPARING THE SOW

The goal of the solicitation should be to achieve certain results (whether to develop software to perform a given process, provide products that will fill a given need, or provide staff to accomplish a given function). To increase the likelihood that you will achieve your desired results:

- DO solicit the input and advice of the program people who will receive and use the product and/or service.
- DO prepare the SOW in terms of the results that are desired and the performance that is expected.
- DO tell the bidders how such results or performance will be measured and how acceptance of the product or service will be defined and accomplished.
- DO structure the SOW so bidders can propose a complete solution to the stated problem rather than merely offering the individual items requested.
- DON'T tell the contractor how to do the job; for example: "staff the project with this number of people with the following qualifications."
- DO determine the full range of the problem to be solved *before* issuing the solicitation. The SOW should be comprehensive.
- DO decide what is really required to meet the government's needs.
- DO determine the minimum required. How little can you do and still meet your needs?
- DO distinguish between the "must do" and the ”nice to have."
- DO determine how the "nice to haves" will be evaluated if they are proposed.
- DO determine the value to the government of the extras and try to quantify them.
- DO write a new SOW for each procurement.
- DON'T just cobble together standard paragraphs from previous solicitations. There are bound to be inconsistencies, gaps, and errors. Resolving these will delay the completion of the procurement.
- DO review the SOW even if the product or service is one that has been purchased before. Perhaps the requirements have changed, or there is a newer technological solution to the

problem, or the marketplace has changed and what was once a specialty product or service for the government is now commercially available off-the-shelf.

This appendix is based on the article “Getting the Information You Want: An SOW Checklist for the CO” by Sandra L. Saydah, *Contract Management* magazine, (November 1997). Reprinted by permission of the National Contract Management Association.

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APPENDIX 4

A FORMAT FOR THE STATEMENT OF WORK (SOW)

The following checklist is developed as a tool to be used when preparing a new SOW format for either information technology or for goods (see appendixes 5 and 6 for samples). This appendix may also be used as a quick desktop checklist when updating existing SOWs for improvements and completeness. See Appendix 3, A List of Questions for Developing the Statement of Work (SOW), from which this format was developed. If any section is inapplicable, delete it.

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1. Description of goods/services to be provided (overview)
2. Period of Performance
3. Delivery Requirements
3.1 Liquidated Damages
4. Equipment Purchased
5. Software Requirements
6. Tasks to be accomplished/functions to be performed
7. Systems Integration
8. Data Handling
9. Outsourcing Computer Operations
10. Transition of Operations to New Contractor
11. Training
12. Installation Requirements
13. Test and Acceptance Procedures
14. Maintenance Requirements
14.1 Software Maintenance
14.2 Preventive Maintenance
15. Warranty
16. Technology Refreshment
17. Security Requirements
17.1 Special Qualifications
18. Compatibility and Interface Requirements
19. Payment Methodology
20. Cost or Pricing Data
21. Unilateral Changes
22. Quality Control/Quality Assurance
23. Preformance Measurement

Appendices:

- Spreadsheet (see details below)
- Site Plans/Maps
- Data/Manuals
- State Furnished Property/Services
- Other

Spreadsheets (Appendices to SOW)

1. Equipment List
2. Software List
3. Data
4. Computer Operations
5. Training
6. Maintenance (could be handled in equipment list)
7. Warranty (could be on equipment list)
8. Equipment
9. Training Materials
10. Data Submission
11. Software
12. Technology Refresh
13. Security
14. Compatibility & Interface Requirements

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APPENDIX 5

SAMPLE STATEMENT OF WORK
FOR GOODS

NOTE: DO NOT USE THIS SAMPLE WITHOUT MODIFICATION – IT WAS CREATED BY TAKING EXISTING CLAUSES FROM A VARIETY OF ACTUAL SOLICITATIONS. NO ATTEMPT WAS MADE TO MAKE IT CONSISTENT. WHILE YOU MAY FIND THE SAMPLE TEXT HELPFUL, IT SHOULD BE MODIFIED TO FIT YOUR SPECIFIC TRANSACTION, OR IN SOME CASES YOU MAY NEED TO USE ALTERNATIVE PROVISIONS. REFER TO APPENDIX 6 FOR INFORMATION ON THE LINE ITEMS MARKED "NOT APPLICABLE".

1.0 DESCRIPTION OF GOODS/SERVICES. The contractor shall provide all personnel, equipment, tools, supervision, and other items and services necessary to ensure that… (identify work to be performed) at… (Identify location) in a manner that will maintain …(identify objective). (You can use an equipment list/spreadsheet – refer to it as an attachment to the SOW).

2.0 PERIOD OF PERFORMANCE. The contract shall be effective from _____ to _____.

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3.0 DELIVERY REQUIREMENTS.

a. If delivery requirements include anything beyond what is contained in the General Provisions, it is to be included here. Such items might include Free on Board (F.O.B) freight terms and routing instructions, permitting over/under shipments by a specified number or percentage (e.g., 4-5%), or paragraphs similar to the following:

b. Transportation

1. Shipments to the installation site shall be the responsibility of the Contractor and shall be made by commercial carrier and by padded van or airfreight. Contractor may, at its option and expense, use a premium method of transportation (e.g., airfreight). Machines shall be preserved, packed and marked in accordance with Contractor's standard practice. The Contractor shall furnish copies of freight bills to substantiate transportation charges billed by the Contractor to the State.
2. Transportation charges for the shipment of empty packing cases shall be paid by the Contractor except when equipment is moved from one State location to another.
3. The Contractor shall bear the cost of transportation, rigging, and/or drayage whenever equipment is shipped or moved for mechanical replacement purposes unless the replacement was due to fault or negligence of the State.
4. Shipment of equipment packed in grease or oil must be disclosed, in writing, in advance in accordance with the federal Toxic Substances Control Act and required Material Safety Data Sheets furnished to allow for proper handling upon receipt.

3.1 LIQUIDATED DAMAGES. Not applicable.

4.0 EQUIPMENT PURCHASED. See Purchase Order for contract line items or reference attached equipment list/spreadsheet.

5.0 SOFTWARE REQUIREMENTS. See Purchase Order for contract line items or reference attached software list/spreadsheet.

6.0 TASKS TO BE ACCOMPLISHED/FUNCTIONS TO BE PERFORMED. Not applicable.

7.0 SYSTEM INTEGRATION. Not applicable.

8.0 DATA HANDLING. Contractor shall furnish 3 sets of all operating manuals for each contract line item. Contractor shall furnish the installation schedule required by the Statement of Work (page __, paragraph __). Contractor shall furnish the preventive maintenance plan required by SOW paragraph 15.

9.0 OUTSOURCING COMPUTER OPERATIONS. Not applicable.

10.0 TRANSITION OF OPERATIONS TO NEW CONTRACTOR. Not applicable.

11.0 TRAINING. Contractor shall provide on-site training in equipment operation for ___ employees. Training to be conducted at (insert location). Training shall consist of (insert time duration) and shall cover (insert details). The schedule for training shall be provided by contractor to buyer within 10 working days from contract award. State shall provide the training facilities. Contractor shall provide the instructors and all class material, handouts, and furnish demonstration equipment.

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12.0 INSTALLATION REQUIREMENTS. Contractor shall install the equipment in accordance with the site plan (Ref. Appendix __). Installation shall include affixing the equipment to the site and connecting all electrical and plumbing connectors to make equipment operational, including any necessary adjustments. At the conclusion of installation, the contractor shall notify the Project Manager and establish a time for demonstration of successful installation.

13.0 TEST AND ACCEPTANCE PROCEDURES. Contractor shall successfully demonstrate the following features of the equipment: (list). The demonstration shall successfully operate the equipment through three full cycles showing the features listed above. The demonstration must be completed within three consecutive hours. The State shall notify the contractor in writing of the outcome within 5 working days.

14.0 MAINTENANCE REQUIREMENTS. (Identify and insert what is to be maintained, use a spreadsheet if appropriate or incorporate maintenance prices into equipment spreadsheet/price list discussed in paragraph 1.):

(Insert item one and specify details).
(Insert items two and specify details of work).
(Similarly insert more items).

Maintenance shall be performed during the hours of 8:00 a.m. to 5:00 p.m. (Pacific Time), Monday through Friday, excluding State holidays. Service calls placed before noon will be responded to in the same day. Service calls placed after noon will be responded to in the next working day. If service cannot be completed within 24 hours contractor shall furnish replacement equipment until service can be completed.

14.1 SOFTWARE MAINTENANCE. Not applicable.

14.2 PREVENTIVE MAINTENANCE. Contractor shall perform preventive maintenance on the equipment in accordance with manufacturer's recommendations. Contractor shall furnish a plan showing the regularly scheduled preventive maintenance for all equipment. Preventive

maintenance shall not interfere with the normal business operations of the State and generally must be performed after 5:00 p.m. or per negotiated terms with the State.

15.0 WARRANTY. Refer to CAM 3.7.8. WARRANTY.

16.0 TECHNOLOGY REFRESHMENT. Not applicable.

17.0 SECURITY REQUIREMENTS. All contractor employees shall check in at the lobby and sign a guest log upon entry and exit.

17.1 SPECIAL QUALIFICATIONS. (Insert qualifications of contract employees)

18.0 COMPATIBILITY AND INTERFACE REQUIREMENTS. The contractor shall furnish all connectors (electrical and plumbing) necessary to assure successful installation and operation of the equipment. For future upgradability, the system shall be compatible with on-line electronic transactions for Automated Teller Machines, ATM/Credit Card usage.

19.0 PAYMENT METHODOLOGY. Not applicable.

20.0 COST OR PRICING DATA. Not applicable.

21.0 UNILATERAL CHANGES. Not applicable.

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22.0 QUALITY CONTROL/QUALITY ASSURANCE. The contractor shall develop, submit for buyer approval, and maintain a quality program to ensure maintenance services are performed in accordance with established standards of…(list standards/professional organizations). The contractor shall develop and implement procedures to identify, prevent, and ensure non-recurrence of defective services. As a minimum the contractor shall develop quality control procedures addressing the areas identified in paragraph 1, above.

23.0 PERFORMANCE MEASUREMENT. During the period of performance the State shall prepare monthly performance reviews of the following performance characteristics (list-e.g. maximum number of equipment failures, mean time between failures, etc.). The State shall furnish these reports to contractor. Adverse performance data may be grounds for the State to require the contractor to provide corrective action.

APPENDICES:

A. Data/user manuals

B. Maps and/or Site Plans

C. State Furnished Property/Services/Equipment

Note: (add any other appendices as needed)

APPENDIX 6

SAMPLE STATEMENT OF WORK
FOR INFORMATION TECHNOLOGY (IT)

NOTE: DO NOT USE THIS SAMPLE WITHOUT MODIFICATION – IT WAS CREATED BY TAKING EXISTING CLAUSES FROM A VARIETY OF ACTUAL SOLICITATIONS. NO ATTEMPT WAS MADE TO MAKE IT CONSISTENT. WHILE YOU MAY FIND THE SAMPLE TEXT HELPFUL, IT SHOULD BE MODIFIED TO FIT YOUR SPECIFIC TRANSACTION, OR IN SOME CASES YOU MAY NEED TO USE ALTERNATIVE PROVISIONS.

1.0 DESCRIPTION OF GOODS/SERVICES TO BE PROVIDED

This Agreement is for the replacement of the State's existing remittance processing system and provides internal enhanced product delivery. All products and services to be provided are defined herein.

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2.0 PERIOD OF PERFORMANCE

This contract shall be effective from (date) to (date). (If included on the STD.2/213, it doesn't need to be repeated.).

3.0 DELIVERY REQUIREMENTS

a. (If delivery requirements include anything beyond what is contained in the General Provisions, it is to be included here. Such items might include Free on Board (F.O.B.) freight terms and routing instructions, permitting over/under shipments by a specified number or percentage (e.g., +/- 5%) or paragraphs similar to the following:)

b. Transportation

1. Shipments to the installation site shall be the responsibility of the Contractor and shall be made by commercial carrier and by padded van or airfreight. Contractor may, at its option and expense, use a premium method of transportation (e.g., airfreight). Machines shall be preserved, packed and marked in accordance with contractor's standard practice. The Contractor shall furnish copies of freight bills to substantiate transportation charges billed by the Contractor to the State.

2. Transportation charges for the shipment of empty packing cases shall be paid by the Contractor except when equipment is moved from one State location to another.

3. The Contractor shall bear the cost of transportation, rigging, and/or drayage whenever equipment is shipped or moved for mechanical replacement purposes unless the replacement was due to fault or negligence of the State.

3.1 LIQUIDATED DAMAGES

(A formula must be developed based on each specific transaction. The formula must explain how the State is damaged, and how the formula has been developed. The formula must be reasonable and justifiable. Liquidated Damages may be used for late delivery on not only equipment, but also on services, such as maintenance response times and personal services deliverables, etc.)

4.0 EQUIPMENT PURCHASED

a. Replacement Parts Availability
The Contractor shall indicate the number of years all replacement parts will be available beginning with the installation date. If replacement parts are not available after the period of performance, the Contractor, when requested by the State, will assist the State to arrange for its own support by providing the State with whatever documentation is available to the Contractor, subject to the conditions and charges, if any, associated with such documentation.

b. Substitution of Equipment
Contractor may propose substitution of new equipment (defined as including hardware and software) of equal or greater functionality, capacity and performance for equipment listed herein at any time during the life of the Contract. The proposed substitution equipment cannot result in any additional purchase or maintenance costs to the State. All proposed equipment substitutions are subject to approval by the State, which will not be unreasonably withheld and must conform to the State's in-use requirements at the time of the substitution request submittal.

c. Connection Points for Central Processor Equipment
The Contractor agrees to identify, on all items of equipment supplied under this Contract, all appropriate test points for connecting one of the commercially available hardware monitors designed to measure system activity.

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5.0 SOFTWARE REQUIREMENTS

a. (If there are escrow requirements, they need to be included here).

b. (If software is to be installed on multiple computers, identification of those computers/locations can be identified here or on an attachment).

6.0 TASKS TO BE ACCOMPLISHED/FUNCTIONS TO BE PERFORMED

a. Contractor shall make available to the State technically competent personnel for the purpose of providing the services required to accomplish the tasks prescribed in the manner described herein. Each such task will be considered complete when the completion criteria, as defined in the applicable Task Schedule, are met. Task Schedules are attached as Appendices _____ through _____.

b. Each Task Schedule contains, as a minimum, a description of the task, a statement of the Contractor's responsibilities, completion criteria, a list of deliverable items (if any), the estimated starting date, the scheduled completion date, and a fixed cost for each task. The aggregate of the fixed costs for all Task Schedules constitutes the fixed price ceiling for all tasks described in the various Task Schedules.

c. The Contractor agrees to perform the services for which the Contractor is responsible, that Contractor will accomplish this work in the manner and in the time stated in the Task Schedules, and that the Contractor will provide the deliverable items as required. This performance is predicated, however, on the State meeting its responsibilities in the time and manner described in the Task Schedules.

d. The Contractor shall provide a weekly written and oral status report, including a review of current and subsequent weeks' work plans and an analysis of any problems previously encountered and still unresolved or anticipated to be encountered. These

reports will be made to the State representative named in the Statement of Work and to any personnel deemed appropriate.

e. The purpose of these Major Task descriptions is to provide adequate time to prepare and review major project deliverables. These Major Tasks are expected to be broken out into more detailed tasks in the Project Plan, as the project progresses. These task descriptions establish a minimum set of planning milestones and Contract deliverables. Each deliverable is expected to be delivered in the manner described below:

1. The Contractor shall deliver to the State, an Initial Project Plan and updates as necessary to allow the State to coordinate and make timely approvals of project deliverables. The Initial Project Plan will show (minimally) all Project Major Tasks at a high level, and show the initial task(s) in detail. This Initial Plan is due 5 days from Contract award.

2. Project Plan updates are due at least 30 days before the start of any Major Task detailing for that Major Task the schedule for delivery and review of its components.

f. Additional Workloads
After Performance Testing, should the State desire to utilize the system or subsystem to process workloads outside Budget Workload Indicator (BWI) 560, Contractor agrees to work with the State, at the State's request, in developing a Project Plan, including, but not limited to, equipment configuration, existing baseline/new baseline establishment, scheduled time frames, performance criteria, etc., for migration of the workload to the System/subsystem.

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g. Performance Incentives
1. The Contractor agrees to deliver and install at no additional charge to the State, a separate OPEX MPE 5.0 Mail Opener and a separate NDP500 Transport if the Realized Savings resulting from the Performance Test are sufficient to fully fund the entire Contract Value as shown on the front of the Contract Form STD 2/213. For the purposes of earning this incentive, the State must realize a minimum of $.0595 savings per transaction to qualify for the additional NDP500 and MPE 5.0. The installation of this hardware and software is subject to Acceptance Testing as defined herein.

2. In the event that the Realized Savings projected from the Performance Tests are more than sufficient to fund payments for the two (2) OPEX MPE 5.0 systems and the four (4) NDP500 systems, but less than sufficient to completely earn the above incentive systems, the State does not lose the benefit of the incentive entirely, and may apply some of these incentives as a credit towards the purchase of additional equipment or services. If the realized savings per transaction is less than $.0595 but greater than $.051, the State may earn a credit useable towards the purchase of additional NDP 500 or MPE 5.0 equipment listed on the Equipment List Table.

7.0 SYSTEMS INTEGRATION

Contractor is responsible for implementation of hardware, software, and firmware, to achieve a fully functioning system as described in this SOW.

8.0 DATA HANDLING

Tape and file format specifications will be jointly determined by the Contractor and State staff (unless identified by State, in which case enter that information here). All tapes produced will be compatible with (identify hardware). Contractor will be required to convert all data from (enter information, i.e., collection documents, microcomputer programs, machine-readable media, etc.) and produce a separate (enter media, i.e., magnetic tape, CD-ROM, etc.)

9.0 OUTSOURCING COMPUTER OPERATIONS

Contractor will provide on-line computer output printing, delivery, and other related services for the State. Contractor must supply and bear all cost of the paper, supplies, equipment and services necessary to provide print processing, pickup, and delivery services to and from each location identified herein. Pick-up/delivery times are as follows: (insert appropriate times). Prior to production cutover, there will be a 30-day acceptance testing period for printing. The cost of all equipment and supplies necessary to meet the acceptance testing period shall be borne by the Contractor. For the test period, the contractor must have (include identification of acceptance testing configuration). All jobs ready to be printed in the print queue xx hours prior to the next scheduled delivery must be printed, boxed and delivered, except the Scheduled Critical Print Jobs defined in Exhibit XX. All Scheduled Critical Print Jobs must be printed before all other jobs. Contractor must start these jobs within one half hour of submission to the print queue and print to completion without any interruption and be available for the next delivery. Contractor must separate all jobs by the job separator page, agency prefix, and box/containerize by agency and deliver according to the above-referenced delivery schedule. Contractor must meet all security guidelines as described herein.

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9.0 TRANSITION OF OPERATIONS TO NEW CONTRACTOR

a. The Contractor shall assume responsibility for all functions identified in the SOW within (insert number) days after contract start date. The Contractor shall ensure staff is available to observe, interface, and work with the incumbent work force, starting with the first day of the contract period.

b. The Contractor's Transition Plan, Attachment _____, describes how and when assumption of the responsibilities identified in the SOW will occur and includes a schedule of transition/incremental assumption data. The intent of this transition period is to efficiently and gradually transfer functional responsibility from the incumbent work force to the Contractor. The Contractor shall be able to accomplish all the responsibilities without the aid of the incumbent work force by the full assumption date.

c. During the (insert number) day transition period, Contractor employees shall work with the incumbent work force until they are capable of assuming full responsibility, as described in the Transition Plan. It is the State's intention to withdraw the incumbent work force within (insert number) days after the contract start date. Upon State's withdrawal of the incumbent work force, the State will make its transition advisors available to the Contractor for up to (insert number) days from the contract start date. The transition advisors will work closely with the Contractor to provide explanation in any unique aspects relative to the functions to be performed. The State will withdraw the transition advisors, as the Contractor becomes fully functional. Extension of the transition period may only be accomplished by written amendment to this contract and negotiation of appropriate consideration.

11.0 TRAINING

a. General

1. Training must be provided to a variety of staffing levels, as minimally defined below:
   i. Operator training for State-identified employees;
   ii. Supervisor training for 10 State identified employees;
   iii. System Administrator training for 2 State-identified employees;
   iv. System Support training for 4 State-identified employees;
   v. Management Overview training for 20 State-identified employees.

2. The training will be provided in multiple sessions utilizing a variety of training methodologies on the various components of the System. The State and Contractor will mutually determine the appropriate combination of specific types and structure for the training and the actual number of employees who will receive each type of provided training.

3. Upon the effective date of the Contract, the Contractor shall prepare a Training Plan describing the orientation and training to be provided. (Insert details from Contractor's Proposal and other mutually agreed training requirements). Training modules will consist of a combination of appropriate classroom and/or hands-on training. The Training Plan and associated training modules are subject to State approval. The Contractor will begin providing training at the earliest practical date following approval of the Training Plan.

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4. The Contractor will provide the Training Plan within 30 days after Contract award. Thereafter, the Training Plan will be subject to mutual written modification by the State and Contractor as the project progresses at no additional cost.

5. Each training module identified in the Training Plan(s) will include at least the following:
   i. Description of the relationship of the training module to a given set of business functions and associated sub-system hardware and software;
   ii. The desired employee competency level to be achieved;
   iii. Skills descriptions for each participating level, (e.g. operator, supervisor, system, administrator, system support);
   iv. Module Curriculum, including but not limited to, module goals and objectives; the business process and or technology being targeted; pre-requisites; topics covered, instruction delivery methods, skills mastery assessments; structured opportunities and materials to support in-class and independent practice or skills refreshment; and appropriate student materials and guides;
   v. Instruction guides, coordinated to the student materials, that include tips for facilitating instruction and directing skills acquisition, visual aids, sub-system and business process "quick references", alternative or supplemental student practice lessons, and cross-references to other training modules;
   vi. All Training deliverables in hard copy and electronic forms;
   vii. Class schedules and number of participants;and
   viii. Class Assessment Instructions and Tools (for Instructor Use).

6. The State's right to deliver, re-use, and customize Contractor-provided training modules shall continue for as long as the State chooses to make use of any or all of the system(s) provided under this Contract.

c. Roles and Responsibilities
   1. The Contractor will be responsible for:
      a) Providing the Training deliverables as outlined herein;
      b) Ensuring the linkage of training modules and activities with acceptance testing, and performance testing;
      c) Establishing an appropriate training environment, including training equipment and instruction support equipment;
      d) Conducting training; and
      e) Conducting training assessments and reporting on the effectiveness of training activities.

   2. The State will be responsible for:
      a) Selecting training participants;
      b) Providing an appropriate facility to house the training environment;
      c) Assisting with the customization of training modules; and
      d) Approving all Training deliverables.

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12.0 INSTALLATION REQUIREMENTS

a. The Contractor shall install equipment and software listed herein ready for use on or before the Installation Dates specified herein.

b. The Contractor shall determine that the equipment and software is ready for system operational use, and shall certify in writing to the State that the equipment is installed and ready to be turned over to the operational control of the State. The Contractor shall also provide to the State appropriate documentation to support the above certification, at which time the State will accept control of the equipment for the purpose of conducting acceptance testing and establishing performance criteria as defined herein.

c. The installation date of the Software Products shall be established as follows:

   i. If the State elects itself to install the Software Products, the State will have thirty (30) days from the date of receipt of the Software Products to initially install and evaluate the same. The date of expiration of this period shall hereafter be known as the "Installation Date".) _____ (NOTE: Identify who is responsible for providing criteria and test data – State, Contractor, or mutual agreement.) shall be responsible for providing criteria and test data necessary to check out the Software Products.

   ii. If installation by Contractor is required by the State, Contractor will have up to thirty (30) days from the effective date of this Contract to provide initial installation and evaluation of the Software Products on the designated CPU. Contractor will issue written notice of the fact that the Software Product is in fact operational, and the date of said notice shall be known as the "Installation Date". It will be at Contractor's discretion to determine the criteria and tests necessary to allow Contractor to issue a notice to the effect that the system is operational.

d. The State agrees to provide such access to its computer system as may be required by Contractor to properly install and test the Software Products. The State further agrees

to provide at no cost to the Contractor, systems and production support as may be required by Contractor during installation.

13.0 TEST AND ACCEPTANCE PROCEDURES

a. General
This sets forth specific procedures and performance criteria to implement the testing required. Because of the on-line programmatic aspects of the equipment and software, system reliability is of paramount importance, both at the host computer site and at the various remote operating locations.

b. Acceptance Testing of Host Computer System
   i. Immediately upon certification by the Contractor that the host central processing units, together with all cable-connected peripheral equipment (including programmer work stations) and operating software scheduled for installation at the central site (herein collectively called the computer system), are installed, the State will confirm its installation by running Part A of the benchmark tests required as described in the benchmark manual. Upon confirmation by the State that the computer system is installed, the State shall put the computer system to full operational use for acceptance testing purposes.

   ii. The minimum acceptable computer system configuration, for the purposes of acceptance testing, is defined as one (1) central processing unit, one (1) operator's console, one (1) megabyte of main memory, four (4) direct access storage devices, three (3) magnetic type drives, one (1) line printer, one (1) local Programmer Work Station, and all of the channels, controllers, etc., necessary to operate these machines. If the computer system is operable, in at least the minimum acceptable computer system configuration, at an average level of availability of 95% or more during a thirty (30) day period, it shall be deemed to have met the State's standard for acceptance and shall be accepted by the State. In addition, each of the machines, which collectively constitute the computer system, must operate in at least the minimum compliance with the Contractor's published specifications and must attain an average level of availability of 90%.

   iii. The average level of availability is a percentage figure computed by dividing the total operational use time during the Period of Maintenance Coverage by the sum of that time and associated downtime during the Period of Maintenance Coverage. All preventative maintenance time shall be excluded from the performance period hours.

   iv. Machine downtime shall begin from the time the State makes a valid effort to contact the Contractor (or its answering service) to report an equipment failure and shall end when the Contractor has returned the machine to the State in operable condition. Computer system downtime shall begin from the time the State makes a valid effort to contact the Contractor to report that equipment failure has caused the computer system to be inoperable, or operable at less then the minimum acceptable configuration, and shall end when the minimum acceptable computer system configuration has been returned to the State in operable condition. If the State fails to make available to the Contractor the machines necessary to test and repair the failed equipment, downtime shall not accrue during the period the State fails to make such machines available to the Contractor.

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v. During the successful performance period, a minimum of 100 hours of operational use time shall be required as a basis for computation of the average availability level. However, in computing the availability level, the actual number of operational use hours shall be used when in excess of the minimum stated above. When it is obvious that the actual operational hours that will be accumulated during the performance period will be less than 100 hours, the operational hours shall be supplemented using Contractor's diagnostic routines of simulated production operations, so as to provide a total of 100 hours. In addition, the State shall, during the acceptance period, use its best efforts to distribute workloads between and among various machines so that each of them is appropriately exercised. For example, the function being performed by each computer shall be transposed daily between them, so that each computer will perform the on-line inquiry functions every other day.

c. Acceptance Testing of Remote Equipment

i. Immediately upon certification by the Contractor that all equipment and operating software scheduled for the first installation at a remote site (herein collectively called remote subsystem) is installed, the State will confirm its installation by running Part B of the benchmark tests as prescribed in the benchmark manual. Upon the State's confirmation that the remote subsystem is installed, the State shall put it to full operational use for acceptance testing purposes. When remote subsystems are subsequently installed at the remaining remote locations, such benchmark testing shall be waived, and acceptance testing shall begin immediately.

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ii. The minimum acceptable remote subsystem configuration, for acceptance testing purposes, is defined as one (1) to four (4) terminals (one terminal may be down), either the character printer or one tape drive (temporarily spooling data for the printer), and all Contractor-supplied communications facilities. If the remote subsystem is operable, in at least the minimum acceptable remote subsystem configuration, at an average level of availability of 95% or more during a thirty (30) day period, it shall be deemed to have met the State's standard of acceptance and shall be accepted by the State. In addition, each of the machines, which collectively constitute the remote subsystem, must operate in at least minimum compliance with the Contractor's published specifications and must obtain an average level of availability of 90%.

iii. The average level of availability for the subsystem and for the machines shall be computed substantially in accordance with the procedures outlines in Paragraph b.3 above.

iv. Machine and remote subsystem downtime shall be computed substantially in accordance with the procedures outlined in Paragraph b.4 above.

v. During the successful period, a minimum of fifty (50) hours of operational use time for each remote subsystem, including at least twenty-five (25) hours of operational use time for each terminal, shall be required as a basis for computation of the average availability level. If necessary, the operational hours shall be supplemented using simulated productive work.

d. Acceptance Testing of Additional Items of Equipment
Individual machines subsequently added to the contract, or machines substituted or field modified by the Contractor, shall undergo acceptance testing substantially in accordance with the procedures set forth above as they relate to the testing of individual machines. A minimum of twenty-five (25) hours of operational use time shall be required as a basis for computation of the average availability level. If necessary, the operational hours shall be supplemented using simulated productive work.

e. Acceptance Testing of Software (other than Operating Software)
   i. Immediately upon certification by the Contractor that a programming aid or program product has been delivered ready for State use, the State shall test such programming aid or program product, in accordance with the procedures outlined below.

   ii. For software, which is provided at no charge, no performance tests are required. The State shall ensure, however, that such software has actually been delivered, corresponds to the listing herein, is complete, and can be read into the equipment for use.

   iii. For software, which is provided at a charge, the State shall thoroughly test such software to be assured that the software performs in accordance with the Contractor's published specifications. Said acceptance tests shall be mutually agreed to by both parties and shall be substantially in accordance with the established test plan.

   iv. For the custom program, JCLTEST, written especially for this procurement by the Contractor and further described herein, the acceptance test shall be substantially as set forth below:

      a) The Contractor shall prepare a variety of run streams to be analyzed by JCLTEST, with varied job control language with known errors, as well as "clean" run streams with no errors. The State may also, if it desires, add additional input.
      b) JCLTEST shall be executed, using the above input.
      c) Error reports produced by JCLTEST shall be compared to ensure the error listings are in consonance with the known errors in the input and to ensure that "clean" runs are passed without error. All erroneous control cards must be identified and run streams with no errors must be allowed to execute.

14.0 MAINTENANCE REQUIREMENTS

a. Principal Period of Maintenance is the State's hours of operational use, up to seven (7) days per week, twenty-four (24) hours per day.

b. Period of Maintenance Coverage is:

c. Remedial maintenance response times (as stated below)

d. Responsibilities of the Contractor:
   i. The Contractor will be required to affix a label or decal to the equipment at the time of installation, showing warranty period by dates, and the name, address, and telephone number of the contact for servicing of the equipment.

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ii. The Contractor's maintenance personnel will arrive at the State's installation site within four (4) hours after notification by the State that remedial maintenance is required. For this purpose, Contractor shall have full and free access to the machines.

e. Minimum maintenance requirements include the following:
   i. Remedial maintenance shall commence promptly after notification that equipment is inoperative.

   ii. The maintenance request must be resolved within four (4) hours of arriving on-site.

   iii. When a Client Service Engineer responds to a remedial maintenance call and the machine malfunction has not been diagnosed and repair begun within four (4) hours from the time of arrival of the Client Service Engineer, the Contractor will escalate to 2nd Level Technical Support. In the event that two (2) additional hours elapse from the time of response by the 2nd Level Technical Support and the machine malfunction has not been diagnosed and repair begun, the Contractor will escalate to 3rd Level Technical Support. In any event, the Contractor will assign one or more levels of support diagnosis until the machine has been returned to good operating condition.

      a) 2nd Level Technical Support – A machine(s) specialist with unique training and/or experience who specializes in providing diagnostic assistance and/or repair expertise when a service call is particularly difficult.

      b) 3rd Level Technical Support – A machine(s) specialist whose geographic responsibilities normally include multiple Client Service Engineering Branch Offices and who has received in-depth specialized training and experience and possesses extensive diagnostic ability specifically designed to assist on unusually complex problems.

   iv. Maintenance is to include replacement parts and labor.

f. Responsibilities of the State
   The State will provide adequate storage space for spare parts, and adequate working space, including heat, light, ventilation, electrical current and outlets, for the use of the Contractor's maintenance personnel. These facilities shall be within a reasonable distance of the equipment to be serviced and shall be provided at no charge to the Contractor.

g. Maintenance Charges
   Maintenance rates shall be firm for the contract period subject to any maximum annual maintenance escalation as set forth herein.

h. Maintenance Credits
   i. Contractor shall grant a credit to the State for each such hour in the amount of _____ (1/168 if equipment is operated 5 days/week, 8 hours/day) of the total maintenance charges for the inoperative machine plus _____ (1/168) of the total monthly maintenance charges for any interconnected machine which became unusable as a result of a breakdown.

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ii. The amount of credit granted for each machine during a calendar month shall not exceed the total monthly maintenance charges.

14.1 SOFTWARE MAINTENANCE

a. Types of Service

i. Category I Service – When Category I Service is specified, Contractor will provide a central service location, which will accept documentation in a format prescribed by Contractor, indicating that a problem is caused by a defect in the program. Contractor will respond to a defect in the current unaltered release of the program by issuing: defect correction information such as correction documentation, corrected code, or notice of availability of corrected code, or a restriction or a bypass. Unless Category II service is also specified for the program, the State shall be responsible for the preparation and submission of documentation to the central service.

ii. Category II Service – When Category II Service is specified and a problem occurs which the State determines is caused by the use of a program and the diagnosis of the designated Contractor representative indicates the problem is caused by a defect in the unaltered portion of a current release of the program, the Contractor representative will perform the following problem resolution activities:

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a) attempt to correct or bypass the defect by providing the State with correction information issued by the central service, if available; or

b) assist the State with preparing documentation for submission to the central service, if specified as available; and,

c) in any event, if the program is inoperable, make a reasonable attempt to resolve the problem by assisting the State in applying a local fix or provide a bypass.

iii. Category III Service – When Category III Service is specified and the State encounters a problem, which the State diagnosis indicates is caused by a defect in the unaltered portion of a current release of the program, the State may request Contractor assistance in resolving the problem. Such assistance, if requested, will be provided by a designated Contractor representative and may be subject to the availability of personnel. This assistance may include, but not extend beyond, the following problem resolution activities:

a) attempt to correct or bypass the defect by providing the State with correction information issued by the central service, if available; or

b) assist the State with preparing documentation for submission to the central service, is specified as available; and,

c) in any event, if the program is inoperable, make a reasonable attempt to resolve the problem by assisting the State in applying a local fix or providing a bypass.

iv. Other types of program services may be specified by Contractor and identified herein.

b. Charges

i. Contractor shall have the right to charge for any additional effort, which results from providing program services for an altered program or a release, which is not current. Such charge(s) will be at the Contractor's then current rates.

ii. If depot maintenance is to be provided for any goods being acquired, the method to ship the product(s) to the Contractor and return of the fixed products to the State, and payment for shipping (Contractor or State to pay, or one to pay each way) must be addressed here.

iii. No additional charge shall be made for preventive maintenance which is to be performed within the period of Maintenance Coverage. An additional charge may be made for preventive maintenance to be performed outside of the Period of Maintenance Coverage, as set forth herein.

14.2 PREVENTIVE MAINTENANCE

Preventive maintenance must be performed on Tuesdays between 10 AM and 5 PM, PST (or as otherwise mutually agreed to should the State's needs change). All preventative maintenance will be consistent with the State's operating requirements and will be based upon the specific needs of the equipment as determined by the Contractor.

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15.0 WARRANTY

Refer to CAM 3.7.8, WARRANTY.

16.0 TECHNOLOGY REFRESHMENT

(Generally, technology refresh is available only through a financed agreement, in which case the following language may be included:) Upon 90 days' notice, and after having made xx payments on a timely basis, the State may, under the following conditions, replace the equipment under this Agreement with new equipment. The original equipment shall be returned to Contractor at a U.S. location to be specified at that time with freight to such destination to be paid by the State. Title to the old equipment shall be conveyed to Contractor, if title was transferred to the State during this Agreement. Subject to the above conditions being met, Contractor will relieve the State from the obligation of making the final xx payments.

17.0 SECURITY REQUIREMENTS

(If contractor's employees must meet security requirements, i.e., cannot be dressed in certain attire when delivering, cannot have outstanding warrants, etc., these requirements should be addressed here.)

17.1 SPECIAL QUALIFICATIONS (not applicable)

18.0 COMPATIBILITY AND INTERFACE REQUIREMENTS

(Identify current hardware/software configuration to which new/proposed system must interface and/or be compatible).

19.0 PAYMENT METHODOLOGY

Total payments will be derived from savings realized as a result of System implementation, and will be calculated as detailed below. (Agency must develop payment methodology.)

20.0 COST OR PRICING DATA

(Utilized primarily for single/sole source contracts, following is a definition and language developed for use when such a provision is needed/appropriate:)

a. At all times during and following the period of contract performance, the State may require contractor to furnish such cost and pricing data as the State deems necessary to assess the reasonableness of contract pricing, including the reasonableness of changes.

b. "Cost or Pricing Data" means facts available at the time of price agreement that prudent buyers and sellers would reasonably expect to affect price significantly. Cost or pricing data are factual, not judgmental, and are therefore, verifiable. While they do not indicate the accuracy of the prospective contractor's judgment about estimated future costs or projections, they do include the data forming the basis for that judgment. Cost or pricing data are more than historical accounting data; they are all the facts that can be reasonably expected to contribute to the soundness of estimates of future costs and to the validity of determinations of costs already incurred. They also may include such factors as (1) sub-tier supplier quotations; (2) nonrecurring costs; (3) information on changes in production methods and in production or purchasing volume; (4) data supporting projections of business prospects and objectives and related operations costs; (5) unit-cost trends such as those associated with labor efficiency; (6) make-or-buy decisions; (7) estimated resources to attain business goals; (8) information on management decisions that could have a significant bearing on costs; (9) supplier negotiation decrement; and (10) cost/price analysis.

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21.0 UNILATERAL CHANGES

a. The State may, any time, exclusively in a writing signed by the State, and without notice to sureties, make changes within the general scope of this contract which affect the (a) drawings, designs or specifications; (b) method of shipment or packing; (c) place of inspection, delivery or acceptance; (d) delivery schedules; or (e) description of services to be performed; time of performance of services (i.e., hours of the day, days of the week, etc.); or place of performance of services.

b. If any such change causes an increase or decrease in the cost of, or the time required for, performance of this contract, a contract adjustment shall be made in the contract price or delivery schedule or both, and the contract shall be modified in writing accordingly. Any request by contractor for adjustment under this provision must be asserted in writing to the buyer not later than thirty (30) days after the date of receipt by contractor of written change direction, or within such extension as the State may grant in writing. The State may, in its sole discretion, consider any such request regardless of when asserted. Pending any such adjustment, contractor will diligently proceed with the contract as modified. Where the cost of property made excess or obsolete as a result of the change is included in contractor's request for contract adjustment, the State shall have the right to direct the manner of disposition of such property. The State shall have the right to require the submission of supporting cost or pricing data and/or to inspect contractor's pertinent books and records for the purpose of verifying contractor's request and determining the basis for entitlement to an adjustment.

c. Contractor's request for contract adjustment shall be in the form of a complete change proposal fully supported by factual information and shall separately identify all increases and all decreases in costs. The request shall be submitted by a person duly

authorized by the contractor in a signed writing that contains the following certification statement: "I certify that the request is made in good faith, that the supporting data are accurate and complete to the best of my knowledge and belief and that the amount requested accurately reflects the contract adjustment for which (insert contractor's name here) believes the State is liable."

22.0 QUALITY CONTROL/QUALITY ASSURANCE

Contractor must be prepared to meet the State requirements as identified herein. Progress will be tracked according to the methodology specified herein.

23.0 PERFORMANCE MEASUREMENT (not applicable)

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ATTACHMENT ___ TO SOW

EQUIPMENT LIST AND ALLIED INFORMATION

TABLE 1 OF 3

Line No.	Qty	Description, Type and/or Features	Model No.	Date Facility to be Ready	Date to be Installed	Liquidated Damages	Unit Destination In Charge	Total Destination In Charge	Unit Installation Cost	Total Installation Cost
1	4	NDP500 Image Transports with 24 pockets, dual OCR/MICR Readers, HSEM, Front & Rear Cameras, MJE & Stamp Endorser	DP575-RNT	11/01/99	11/15/99-12/31/99 per Imp. Schedule	$1000/ day/unit	$3,751	$15,004	$420	$1,680
2	13	Image Workstations with P133mhz, 32MB Memory, 1GB HD, 17” Color Monitor	CWP513333-10A	11/01/99	11/15/99-12/31/99 per Imp. Schedule	$500/day/ unit	$23	$299	$0	$0.

EQUIPMENT LIST AND ALLIED INFORMATION

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TABLE 2 OF 3

Line No.	Qty	Description, Type and/or Features	Model No.	Facility Readiness Date	Installation Date	Warranty Period	Unit Basic Monthly Maintenance	Total Basic Monthly Maintenance
1	4	NDP500 Image Transports with 24 pockets, dual OCR/MICR Readers, HSEM, Front & Rear Cameras, MJE & Stamp Endorser	DP575-RNT	11/01/99	11/15/99-12/31/99	One Year	$2,896	$11,582
2	13	Image Workstations with P133mhz, 32MB Memory, 1GB HD, 17” Color Monitor	CWP513333-10A	11/01/99	11/15/99-12/31/99	One Year	$25	$320

EQUIPMENT LIST AND ALLIED INFORMATION

TABLE 3 OF 3

Line No.	Qty	Description, Type and/or Features	System Purchase Price	Warranty Period	System Destination In Charge	System Total Installation Costs	Total Basic Annual Maintenance
1	1	5th DP500 System including software	$238,196	One Year	$3,751	$420	$29,144
2	1	3rd MPE 5.0 including software	$111,375	One Year	$2,750	$0	$9,570

OPERATING SOFTWARE LIST AND ALLIED INFORMATION

TABLE 1 OF 2

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Line No.	Qty	Operating Software Identification	Machine Cross Reference.	Technical Specifications Reference and Date	Support Category	Per Copy Initial Charge	Total Initial Charge	Warranty Period
1	4	O/S:SYSTEM S/W FACILITY	DP575-RNT	Infolmage NPPS and DP500 Transport Capabilities Overview	1	$6,500	$26,000	One Year
2	13	O/S:NT 4.0 WORKSTATION	CWP513333-10A	Supplied with S/W	1	$199	$2,587	One Year

OPERATING SOFTWARE LIST AND ALLIED INFORMATION

TABLE 2OF 2

Line No.	Qty	Operating Software Identification	Machine Cross Reference.	Support Category	Per Copy Basic Monthly ( ) Yearly ( ) Charge	Total Basic Monthly ( ) Yearly ( ) Charge
1	4	O/S:SYSTEM S/W FACILITY	DP575-RNT	1	$0	$0
2	13	O/S:NT 4.0 WORKSTATION	CWP513333-10A	1	$4	$52

SOFTWARE LIST AND ALLIED INFORMATION

TABLE 1 OF 2

Line No.	Qty	Software Identification	Delivery Date	Document Containing Technical Specifications Reference & Date	Support Category	Per Copy Initial Charge	Total Initial Charge	Warranty Period
1	4	NDP500 Image Read/Encode	11/15/99	TMS IMAGE Capabilities 2.0 – 7/96	1	$27,000	$108,000	One Year
2	1	TMS Image Database System	11/15/99	TMS IMAGE Data Entry User's Manual 2.0 – 7/96	1	$22,500	$22,500	One Year

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SOFTWARE LIST AND ALLIED INFORMATION

TABLE 2 OF 2

Line No.	Qty	Software Identification	Delivery Date	Document Containing Technical Specifications Reference & Date	Support Category	Per Copy Basic Monthly ( ) Yearly ( ) Charge	Total Basic Monthly ( ) Yearly ( ) Charge
1	4	NDP500 Image Read/Encode	11/15/99	TMS IMAGE Capabilities 2.0 – 7/96	1	$458	$1,832
2	1	TMS Image Database System	11/15/99	TMS IMAGE Data Entry User's Manual 2.0 – 7/96	1	$382	$382

DATA REQUIREMENTS

TABLE 1 OF 1

Line No.	Qty	Description	Delivery Date	Distribution	Cost Per Unit	Total Cost
1	12	Monthly Status Report	1st of each month for prior month	Project Manager Buyers	$0	$0
2	1	Preliminary Project Plan	10 days after award	Project Manage Buyers	$0	$0
3	1	Final Project Plan	10 days after approval of Preliminary Plan, as amended	Project Manager Buyer	$0	$0
4	10	System User Manuals	30 days after contract award	Project Manager Users	$100	$1,000
5	3	System Operator	30 days after contract award	Project Manager Users	$1,000	$3,000

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APPENDIX 7

SPECIFICATION NUMBERING SYSTEM

Each specification is given a unique number. See the example following each type of specification. Agencies adopting this numbering system may insert their agency identification character in the numbering sequence or use some other numbering method. Agencies will own and control the specifications with modified numbers. Example: 7535-71K-02-DOT-xxx (Specification for the Department of Transportation. "xxx" = location of the department.)

a. Formal State Specification numbering method

Example: "7535-71K-02" derives from:

7535 = Group-Class (refers to a particular group and class of commodity)
7 = Year (1997)
1 = Number of times revised that year
K = Month of latest revision; in this case November (Months are lettered sequentially i.e., January=A; February= B; March=C, etc. Letter "I" is not used)
02 = Sequence number. Two-digit permanent sequence number assigned remains the same for all future revisions.

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Note: "QPL" is added after the sequence number to designate that the specification also carries Qualified Products List.

Contact Procurement Engineering Team for more information on the commodity Group-Class system in use.

b. Commodity Standard numbering method

For example: "7535-CS9-002" derives from:

7535 = Group-Class (refers to a particular group and class of commodity)
CS = Commodity Standard
9 = Year (1999)
002 = Sequence number. The three-digit permanent sequence number assigned remains the same for all future revisions.

Note: "RB" or "ABL" is added after the sequence number to designate that the specification also carries either "Reference Brand/s" or "Acceptable Brands List" respectively.

c. Bid Specification numbering method:

Example: “7535-7BS-002” derives from:

7535 = Group-Class
7 = Year (1997)
BS = Bid Specification
002 = Sequence number. The three-digit permanent sequence number assigned remains the same for all future revisions.

Note: “RB” or “ABL” is added after the sequence number to designate that the specification also carries either “Reference Brand/s” or “Acceptable Brands List” respectively.

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APPENDIX 8

TECHNICAL RESOURCES

GROUP I: Procurement Division Procurement Engineering Team Resources

A. Section Files

1. Buyers Laboratory, Inc. Test Reports
2. Carpet samples (Architect's Folders)
3. Consumer Reports
4. Each engineer’s collection of Manufacturers' and suppliers' catalogues
5. Each engineer’s correspondence file of letters and memos
6. Each engineer’s Subject Files
7. Evaluation Reports (ER's)
8. Other specifications - states, counties, cities, Federal (including Federal Commercial Item Descriptions), manufacturers, agencies (PIA, CDC, DOT, etc.), CAPPO (California Association of Public Purchasing Officials maintains a library of specifications)
9. Section memo of Commodity Assignments
10. Specifications: Formal Specifications, Qualified Products Lists (QPLs), Commodity Standards, Acceptable Brands Lists (ABLs), Bid Specifications, and Life Cycle Costing (LCC) Procedures. Indices exist
11. Staff member's personal files, handbooks, supplier business cards, etc.Training brochures, class lists, etc.
12. Training Memos – individual staff copies

B. Each engineer’s collection of general technical reference material

C. Other Resources:

1. State Directory available on the Internet at: www.cold.ca.gov/
2. State Administrative Manual (SAM) is available on the Internet at: http://sam.dgs.ca.gov/default.htm
3. "Procurement Code" excerpts. http://www.documents.dgs.ca.gov/pd/misc/excerp00.pdf
4. California Code of Regulations (CCR) - such as Title 8, Health & Safety; Title 24, Building Code -Section library available on the Internet at: http://ccr.oal.ca.gov/

D. Other Files:

1. California City phone books (Phone Book Room)
2. Purchase Order (PO) files (Older POs are in State Archives.)
3. State contract files
4. Supplier Performance files
5. Thomas' Register and California Manufacturers' Register

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GROUP II: State Agencies, Committees, Individuals, and Documents

A. State Agencies and Committees

1. Athletic Equipment Committee, California Dept. of Corrections (CDC)
2. California Energy Commission - energy use, utility rates
3. Dept. of Agriculture:
   a) California Agriculture Code
   b) Economic Poisons
   c) Weights and Measures
4. Office of Insurance and Risk Management for Material Safety Data Sheets (MSDS)
5. Office of State Publishing (OSP): Printing, forms paper, etc.
6. Prison Industries Authority (PIA) - many specifications
7. State Architect
8. State Buildings and Standards Commission Building Codes, Seismic Standards, etc. (Title 24)
9. State Fire Marshal's Office: for flammability requirements. Deputy marshals assigned by commodity areas, such as fabrics, buildings, etc
10. State Food Task Force
11. State Library: Call for research projects and computer index to other state libraries
12. State Records Center, Dept. of General Services (DGS): File systems, equipment, archives and storage
13. Telecommunication Division (DGS)
14. The State Armor Committee

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B. State Individuals

1. Agency contacts – Business Services Officers, specification staff, user of commodity to be specified and purchased, special expertise contacts. Often it is necessary to contact the individual initiating the request (Could be Chief of Plant, Factory Foreman or other technically competent agency personnel)
2. Buyers, Principal Buyers, Purchasing Manager
3. Management Team
4. Procurement Attorney, Office of Legal Services (DGS)
5. Supporting staff
6. Your supervisor, Procurement Engineering Team co-workers, mentors

GROUP III: Suppliers

Typical contacts are the manufacturer, manufacture's representative, and reference brand supplier

GROUP IV: Standards Organizations

1. ANSI - American National Standards Institute
2. AOAC - Association of Official Analytical Chemists
3. API – American Petroleum Institute
4. ASTM - American Society for Testing and Materials
5. BIA - Boating Institute of America
6. BIFMA - Business and Industrial Furniture Manufacturers Association

7. BISSC - Bakery Industry Sanitation Standardization Committee
8. BL - Buyer's Laboratory
9. California Occupational Safety and Health Administration (Cal OSHA). Applies only to public sector
10. CAPPO - California Association of Public Purchasing Officials (Specifications Library)
11. CFR - Code of Federal Regulations
12. Consumer's Union
13. CSA - Canadian Standards Association
14. Engineering Handbooks:
    a) Handbook of Chemistry and Physics; others
    b) Lang's Chemical Handbook
    c) Electrical Engineering Handbook
    d) Sax Handbook of Dangerous Chemicals
15. FAA - Federal Aviation Authority
16. Federal Register
17. ISO - International Standards Organization
18. NEC - National Electrical Code
19. NFPS - National Fire Protection Association
20. NLGI - National Lubricating Grease Institute
21. NSF - National Sanitation Foundation
22. OSHA (Federal Occupational Safety and Health Administration)
23. Special Supplier/Manufacturer Associations, e.g.,
    a) National Paint and Varnish Association
    b) Coffee Testing Panel
    c) National Plywood Association
24. TAPPI – Technical Association of the Pulp and Paper Industry
25. UL - Underwriter's Lab

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GROUP V: Miscellaneous

1. City and County of Los Angeles contracts, specifications, etc.
2. DGS and other state newsletters
3. Internet Research
4. Local businesses
5. Nine UC campuses contracts, specifications libraries, labs
6. Nineteen (19) State College and University campuses – contracts, specifications, libraries, labs
7. Sacramento City and County purchasing offices
8. Trade Magazines